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Title: Gas prices rev up production at Hopkinsville ethanol plant

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High gasoline prices may not be good for motorists, but they are good for a Hopkinsville ethanol plant and the farmers with corn to sell.

Since the Commonwealth Agri-Energy ethanol plant opened a year ago, it has produced 24.3 million gallons of the corn-based fuel, which was 4.3 million gallons more than its rated capacity. On the drawing board is an expansion — to 30 million gallons — that should be completed by the end of the year.

"We did better than our projections," plant manager Kevin Smith said. "We figured in the first year we'd break even." Instead, the plant turned a \$3.5 million profit that, along with additional profits from the rest of 2005, will pay the entire cost of the \$5.5 million expansion.

The plant is owned by two groups of farmer investors: the 650 members of the Kentucky Corn Growers' Association and the 2,300 members of the Hopkinsville Elevator Cooperative. Part of the construction cost was financed with \$9.3 million from the state's tobacco settlement fund that helps farmers find alternatives to growing tobacco.

"As the price of gasoline has gone up, so has the demand for ethanol," Smith said. "We are getting more and more inquiries ... and more and more interest."

Smith said the wholesale price of ethanol is about \$1.56 a gallon, equal to the current wholesale price of gasoline.

Ethanol is mixed with gasoline and helps reduce carbon dioxide emissions to meet federal clean air standards and can be used instead of an additive known as MTBE, which reduces emissions but has been linked to groundwater pollution from leaking in-ground tanks.

Environmental groups have been pushing for ethanol usage because it is a renewable energy source, unlike petroleum-based gasoline.

Smith said about half of the plant's ethanol goes to a large blending facility in Louisville, and a majority of the rest goes to blending facilities in the St. Louis area and on the East Coast.

Smith said the demand should increase as smaller suppliers learn the formula for blending.

At present, about 1 million gallons a year are sold to a small fuel distributor in Hopkinsville.

In its first year, the plant purchased 8 million bushels of corn, most of it from Christian County farmers. "That is a brand-new market for them that didn't exist a year ago," Smith said, adding that the market area will expand as the plant expands.

The process of making ethanol is the same as producing alcohol. The corn is mashed and fermented with yeast. "What we are making is 200 proof vodka," said Smith, who used to work for Jack Daniels producing liquor products.

In fact, the final process in ethanol production is to add 5 percent gasoline to make it unfit for human consumption. If the gasoline were not added, the plant would have to pay alcohol beverage taxes.

Ethanol isn't the only product produced at the plant. Smith said there is no waste or byproducts to damage the environment.

For every pound of corn processed at the plant, Smith said, it produces one pound of ethanol, one pound of carbon dioxide and two pounds of dry grain. The carbon dioxide is sold to a neighboring plant and used to produce dry ice and carbonation in beverages, and the dry grain is sold as feed stock and used mostly by poultry farmers.

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